

Wellington Pub Company Plc

Financial statements for the year ended 31
December 2000

Registered Number: 3406623



Wellington Pub Company Plc

Registered No. 3406623

DIRECTORS

H Osmond
A McIntosh
T Teichman
B Baldock
J Carrafiell
R Myers
M Jonas

SECRETARY

Trusec Limited

AUDITORS

Ernst & Young
1 Colmore Row
Birmingham
B3 2DB

BANKERS

Nat West
PO Box 75
3 Cornmarket
Thame
Oxon
OX9 3YS

SOLICITORS

Slaughter & May
35 Basinghall Street
London
EC2V 5DB

REGISTERED OFFICE

54 Baker Street
London
W1M 1DJ

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2000.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,118,000 (1999: £5,097,000). The directors paid a dividend of £1,250,000 in the year.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

In the opinion of the directors the activities of the company will remain substantially as described above.

The principal activity of the company is managing leased properties.

CHARITABLE DONATIONS

During the year the company made charitable donations of £5,000.

DIRECTORS AND THEIR INTERESTS

A McIntosh
H Osmond
T Teichman
M Jonas
R Myers
B Baldock
J Carrafiell

None of the directors had any declarable interest in the shares of the company at 31 December 2000.

A McIntosh, H Osmond, M Jonas, B Baldock, T Teichman and R Myers are also directors of the parent undertaking and controlling party, Wellington Investments Ltd.

Their interests in Wellington Investments Limited are shown as follows:

	<i>No. of shares</i>		<i>No. of shares</i>	
	<i>at 31 December</i>		<i>at 31 December</i>	
	<i>2000</i>		<i>1999</i>	
	<i>Ordinary</i>	<i>"B" Shares</i>	<i>Ordinary</i>	<i>"B" Shares</i>
A McIntosh	6,832	-	6,832	-
H Osmond	13,333	-	13,333	-
M Jonas	3,835	-	3,835	-
B Baldock	-	20	-	20
T Teichman	-	20	-	20
R Myers	16,667	-	16,667	-

CREDITOR PAYMENT POLICY AND PRACTICE

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2000, the company had an average of 30 days purchases outstanding in trade creditors.

DIRECTORS' REPORT

FIXED ASSETS

During the year the fixed assets have been reclassified as Investment Properties as the directors believe this more accurately reflects the activities of the business.

AUDITORS

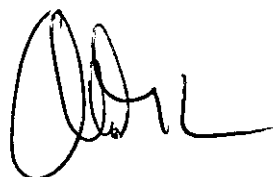
Ernst & Young have expressed their willingness to continue in office. A resolution proposing their reappointment will be put to the members at the Annual General Meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the board

A McIntosh
Director

Dated



13/6/01

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS to the members of Wellington Pub Company Plc

We have audited the accounts on pages 6 to 16, which have been prepared under the historical cost convention as modified by the revaluation of land and buildings and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

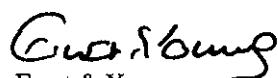
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Birmingham

Dated 13 JUNE 2001

Wellington Pub Company Plc

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	Notes	2000 £000	1999 £000
TURNOVER	2	24,208	23,673
Administrative expenses		(3,172)	(2,973)
Other operating income		573	545
OPERATING PROFIT	3	21,609	21,245
Interest receivable		1,008	705
Interest payable and similar charges	5	(16,788)	(16,853)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,829	5,097
Taxation	6	(711)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,118	5,097
Dividend (£12.50 per share)		(1,250)	-
RETAINED PROFIT FOR THE YEAR		3,868	5,097

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
Profit for the financial year	5,118	5,097
Unrealised loss on revaluation of freehold land and buildings	-	(28)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	5,118	5,069

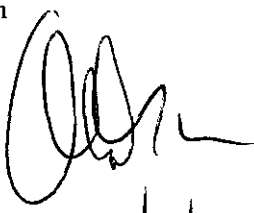
Wellington Pub Company Plc

BALANCE SHEET at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	8	243,516	241,490
CURRENT ASSETS			
Debtors	9	1,814	1,174
Cash at bank and in hand	10	20,073	17,452
		<u>21,887</u>	<u>18,626</u>
CREDITORS: amounts falling due within one year	11	(10,421)	(9,036)
		<u>11,466</u>	<u>9,590</u>
NET CURRENT ASSETS			
		<u>254,982</u>	<u>251,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	12	(227,765)	(227,731)
		<u>27,217</u>	<u>23,349</u>
CAPITAL AND RESERVES			
Called up share capital	13, 14	13	13
Revaluation reserve	14	22,999	23,017
Profit and loss account	14	4,205	319
		<u>27,217</u>	<u>23,349</u>
TOTAL EQUITY SHAREHOLDERS FUNDS			
		<u>27,217</u>	<u>23,349</u>

A McIntosh
Director

Dated


13/6/01

Wellington Pub Company Plc

STATEMENT OF CASH FLOW for the year ended 31 December 2000

	Notes	2000 £000	1999 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15(a)	21,017	21,381
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(16,720)	(17,147)
Interest received		1,057	671
Set up costs		-	(6)
		<u>(15,663)</u>	<u>(16,482)</u>
TAXATION		-	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(2,417)	(187)
Receipts from sales of tangible fixed assets		934	1,412
		<u>(1,483)</u>	<u>1,225</u>
EQUITY DIVIDENDS PAID		<u>(1,250)</u>	<u>-</u>
		(1,250)	-
NET CASH FLOW BEFORE FINANCING		<u>2,621</u>	<u>6,124</u>
FINANCING			
Payment of subordinated debt	15(b)	-	(2,400)
		<u>-</u>	<u>(2,400)</u>
INCREASE IN CASH		<u>2,621</u>	<u>3,724</u>

NOTES TO THE ACCOUNTS
at 31 December 2000

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention as modified to include the revaluation of properties and have been prepared in accordance with applicable accounting standards.

Tangible fixed assets

Expenditure on additions and improvements to investment properties is capitalised as the expenditure is incurred.

During the year, properties held for long term investment were reclassified as investment properties. Consequently amounts of £236,367,000 and £7,167,000 were reclassified from freehold land and buildings and leasehold buildings respectively to Investment Properties. Investment properties are accounted for in accordance with SSAP 19, as follows:

- (i) investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and
- (ii) no depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Repairs and maintenance

Expenditure on repairs and maintenance is charged to profit on the basis of costs incurred.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Capital instruments

The issue costs recognised in the profit and loss account are allocated to periods over the life of the bonds on a straight line basis.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover relates to one continuing activity, leasing of public houses to independent publicans. All of the company's business is performed in the United Kingdom.

Wellington Pub Company Plc

NOTES TO THE ACCOUNTS at 31 December 2000

3. OPERATING PROFIT

This is stated after charging/(crediting)

	2000 £'000	1999 £'000
Depreciation on short leasehold buildings	18	-
Professional fees	2,225	2,138
Maintenance and repairs	162	86
Auditors' remuneration audit services	17	7
Operating lease rentals - land and buildings	81	67
Profit on sale of properties	(566)	(406)

The company contracts a third party administrator to manage the pub portfolio as well as to perform the credit control function and other accounting functions. These costs are described as professional fees above. As a result the company has not hired any full time staff.

4. DIRECTORS EMOLUMENTS

The company was charged management fees of £600,000 for the year by Wellington Investments Limited. At 31 December 2000, there was £100,000 remaining to be paid. The directors, apart from T Teichman whose fees are disclosed in note 17, are paid from Wellington Investments Limited. The directors believe that it is not practicable to apportion this amount between their services as directors of this company and their services as directors of Wellington Investments Limited.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £'000	1999 £'000
Interest on bonds	16,751	16,670
Interest on subordinated debt	-	215
Amortisation of issue costs	34	(32)
Other interest payable	3	-
	16,788	16,853

NOTES TO THE ACCOUNTS
at 31 December 2000

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
Group relief	(257)	-
Deferred taxation (note 7)	1,191	-
	<u>934</u>	<u>-</u>
Corporation tax over provided in previous years	(223)	-
	<u>711</u>	<u>-</u>

7. DEFERRED TAXATION

Deferred taxation provided and deferred taxation not provided are as follows:

	2000 £'000	Provided 1999 £'000	2000 £'000	Not provided 1999 £'000
ACA's	1,191	-	-	-
Taxation on revalued estate	-	-	1,576	3,637
	<u>1,191</u>	<u>-</u>	<u>1,576</u>	<u>3,637</u>

Deferred tax has not been provided on the revaluation surplus, as there is no intention to dispose of the properties.

Wellington Pub Company Plc

NOTES TO THE ACCOUNTS at 31 December 2000

8. TANGIBLE FIXED ASSETS

	<i>Investment Properties £000</i>	<i>Freehold Land and Buildings £000</i>	<i>Leasehold Buildings £000</i>	<i>Total £000</i>
Valuation:				
At 31 December 1999	-	234,323	7,167	241,490
Additions	-	2,417	-	2,417
Disposals	-	(373)	-	(373)
Transfer to Investment Properties	243,534	(236,367)	(7,167)	-
	<u>243,534</u>	<u>-</u>	<u>-</u>	<u>243,534</u>
Depreciation:				
At 31 December 1999	-	-	-	-
Charge for year	18	-	-	18
	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
At 31 December 2000				
Net Book Value:				
At 31 December 2000	<u>243,516</u>	<u>-</u>	<u>-</u>	<u>243,516</u>
At 31 December 1999	<u>-</u>	<u>234,323</u>	<u>7,167</u>	<u>241,490</u>

The split of leasehold buildings is as follows:

	<i>Long Leasehold £'000</i>	<i>Short Leasehold £'000</i>	<i>Total £'000</i>
Valuation:			
At 31 December 1999 and 2000	<u>6,198</u>	<u>969</u>	<u>7,167</u>
Depreciation:			
At 31 December 1999	-	-	-
Charge for year	-	18	18
	<u>-</u>	<u>18</u>	<u>18</u>
At 31 December 2000			
Net Book Value:			
At 31 December 2000	<u>6,198</u>	<u>951</u>	<u>7,149</u>
At 31 December 1999	<u>6,198</u>	<u>969</u>	<u>7,167</u>

Wellington Pub Company Plc

NOTES TO THE ACCOUNTS at 31 December 2000

On the 2 February 1998, Davis Coffey Lyons valued the pubs on a portfolio basis to £240 million including additions of £220,000 prior to the valuation. The valuation was performed on an open market basis and was in accordance with RICS Appraisal and Valuation Manual with the exception of the following:

- (1) no individual property values were assigned to each of the pubs nor was an aggregate of individual property values given
- (2) inspections of a sample were undertaken

Subsequent to the valuation there was a project undertaken by the company to allocate the net book value to individual pubs.

During the year the tangible fixed assets have been reclassified as Investment Properties as the directors believe this more accurately reflects the activities of the business.

9. DEBTORS

	2000 £000	1999 £000
Trade debtors	1,077	938
Other debtors	103	66
Prepayments and accrued income	154	170
Amounts owed by group undertakings	480	-
	<u>1,814</u>	<u>1,174</u>

10. CASH AT BANK AND IN HAND

Included in cash is £6 million held in a liquidity reserve account. This was set up as part of the bond issue and is used for any deficiency of funds for interest payments on bond issue. This account was not drawn down at any point during the year.

11. CREDITORS: amounts falling due within one year

	2000 £000	1999 £000
Trade creditors	217	21
Other creditors	83	138
Corporation tax	1,191	-
Other taxes	728	795
Accruals and deferred income	4,553	4,465
Amounts owed to group undertakings	590	592
Accrued interest on subordinated debt and bond issue	3,059	3,025
	<u>10,421</u>	<u>9,036</u>

Wellington Pub Company Plc

NOTES TO THE ACCOUNTS

at 31 December 2000

12. CREDITORS: amounts falling due after more than one year

	2000 £000	1999 £000
<i>Not wholly repayable within five years</i>		
Class A secured fixed rate bonds at 6.735% repayable January 2029	160,000	160,000
Class B secured fixed rate bonds at 7.335% repayable January 2029	51,000	51,000
Class C secured fixed rate bonds at 11% repayable January 2029	20,000	20,000
	<u>231,000</u>	<u>231,000</u>
Less: Unamortised issue costs	(3,235)	(3,269)
	<u>227,765</u>	<u>227,731</u>

On the 2 March 1998, the company performed a bond issue for £231 million. The issue costs of £3.3 million are being amortised over the life of the bonds at a constant rate on the carrying amount.

13. SHARE CAPITAL

	2000 £	1999 £
Ordinary shares of £0.50 each	50,000	50,000

	2000 No.	2000 £	1999 No.	1999 £
Ordinary shares of £0.50 each	400	200	400	200

	2000 No.	2000 £	1999 No.	1999 £
Ordinary shares of £0.50 each	99,600	12,450	99,600	12,450

The allotted share capital equalled 100,000 shares at £.50p each, 400 shares which were fully paid and 99,600 shares which were partly paid at £.125p each.

NOTES TO THE ACCOUNTS
at 31 December 2000

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Revaluation Reserve £000	Profit and loss account £000	Total share- holders' funds £000
At 31 December 1999	13	23,017	319	23,349
Revaluation	-	(18)	18	-
Profit for year	-	-	3,868	3,868
At 31 December 2000	13	22,999	4,205	27,217

15. NOTES TO THE CASHFLOW STATEMENT

(a) *Reconciliation of operating profit to net cash inflow from operating activities*

	2000 £000	1999 £000
Operating profit	21,609	21,245
Depreciation	18	-
Increase in debtors	(204)	408
Increase in creditors	160	134
Profit on sale of tangible fixed assets	(566)	(406)
Net cash inflow from operating activities	21,017	21,381

(b) *Reconciliation of net cashflow to movement in net debt*

	2000 £000	1999 £000
Increase in cash in the year	2,621	3,724
Amortisation of issue costs	(34)	32
Cash outflow from decrease in subordinated debt	-	2,400
	2,587	6,156

(c) *Analysis of changes in net debt*

	At 31 December 1999 £000	Cash Flows £000	Amortisation of issue costs £000	Total £000
Cash at bank and in hand	17,452	2,621	-	20,073
Debt due before one year	-	-	-	-
Debt due after one year	(227,731)	-	(34)	(227,765)
At 31 December 2000	(210,279)	2,621	(34)	(207,692)

NOTES TO THE ACCOUNTS
at 31 December 2000

16. CAPITAL COMMITMENTS

There were no capital commitments at either year end.

17. RELATED PARTY DISCLOSURE

The company was recharged £28,050 by Wellington Investments Limited (of which £16,479 was outstanding at 31 December 2000) for non-executive directors fees of B Baldock. The company was also charged £14,126 for the period directly by NewMedia Investors Limited for the fees of T Teichman as non-executive director.

18. PARENT UNDERTAKING

The company's parent undertaking and controlling party is Wellington Investments Limited. Copies of its group accounts are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.